

Attachment  
Multiple Product Lines Inc. (MPL)  
Development Of Average Current Assets And Average Current Liabilities  
For Twelve Months Ended 12/31/89

	(000)							
Balance As Of	(1) Cash and Cash Equivalents	(2) Accounts Receivable Affiliated	(3) Accounts Receivable Other	(4) Prepaid Assets	(5) Other Current Assets	(6) Accounts Payable Affiliated	(7) Accounts Payable Other	(8) Other Current Liabilities
01-01-89	\$2,398	\$104,380	\$3,666	\$14,842	\$2,048	\$29,255	\$70,791	\$20,499
01-31-89	819	101,621	1,714	15,570	2,046	30,985	64,087	20,970
02-28-89	716	107,318	1,889	17,504	1,362	25,249	69,168	21,674
03-31-89	967	81,407	2,617	15,563	2,118	9,822	61,517	22,077
04-30-89	732	88,351	2,443	15,310	1,991	10,528	63,137	22,053
05-31-89	988	79,363	2,096	16,307	1,290	10,055	55,461	24,115
06-30-89	6,336	82,315	2,110	13,911	1,797	10,441	57,571	24,170
07-31-89	(436)	82,854	2,054	13,203	1,797	9,740	60,781	24,803
08-31-89	518	83,944	1,884	11,815	1,160	10,292	62,628	27,559
09-30-89	878	92,296	1,891	11,637	1,690	14,385	66,620	23,933
10-31-89	645	100,518	2,204	11,097	1,690	14,109	71,353	28,623
11-30-89	905	91,202	1,484	10,231	1,054	13,618	73,673	28,416
12-31-89	<u>724</u>	<u>92,752</u>	<u>1,670</u>	<u>20,831</u>	<u>640</u>	<u>12,619</u>	<u>78,287</u>	<u>20,877</u>
Total	<u>\$16,190</u>	<u>\$1,188,321</u>	<u>\$27,722</u>	<u>\$187,821</u>	<u>\$20,683</u>	<u>\$201,098</u>	<u>\$855,074</u>	<u>\$309,769</u>
Average	<u>\$1,245</u>	<u>\$91,409</u>	<u>\$2,132</u>	<u>\$14,448</u>	<u>\$1,591</u>	<u>\$15,469</u>	<u>\$65,775</u>	<u>\$23,828</u>

**Source** For data in columns (1) through (8): MPL'S monthly balance sheet

**NOTE 1** MPL's investment in inventory, classified as a current asset in the balance sheet, is excluded from columns (1) through (5) because this component is included as a separate line item on page 1.

**NOTE 2** Capital provided by MPL's debt and equity investors such as short term debt and dividends payable is excluded from columns (6) through (8) even though these items are classified as current liabilities in MPL's balance sheet. This treatment of capital provided by debt and equity investors is consistent with the FCC's treatment of short term debt in CC Docket No. 89-624 and treatment prescribed for dividends payable in the Report And Order issued in CC Docket No. 86-497.

Attachment  
Multiple Product Lines Inc. (MPL)  
Development Of Investor Supplied Capital

		(000)
Line No.	Item Description	Average 12-31-89
1.	Debt Capital :	
A.	Long Term Debt	\$21,551
B.	Short Term Debt	<u>27,894</u>
C.	Total Debt Capital (L1A + L1B)	\$49,445
2.	Equity Capital:	
A.	Dividends Payable	\$1,737
B.	Retained Earnings	0
C.	Common Stock	1
D.	Additional Paid-in Capital	<u>92,809</u>
E.	Total Equity Capital (L2A + L2B + L2C + L2D)	94,547
3.	Unamortized Investment Tax Credit	<u>0</u>
4.	Total Investor Supplied Capital (L1C + L2E + L3)	<u><u>\$143,992</u></u>

**Source** For amount at line 1A: the sum of the average balances in Columns (1) and (2) of page 12.  
For the amount at line 1B: the average balance in column (3) of page 12.  
For the amounts on lines 2A, 2B, 2C, 2D and line 3: the average balances in columns (4), (5), (6), (7) and (8) of page 12.

**NOTE** Capital provided by debt and equity investors, such as short term debt and dividends payable, and classified as current liabilities in the balance sheet, is included in lines 1B and 2A above. Treatment of investor supplied capital in this manner is consistent with the FCC's treatment of short term debt in the rate of return represcription proceeding (i.e., CC Docket No. 89 - 624) and the treatment prescribed for dividends by the FCC's Report And Order issued in CC Docket No. 86 - 497.

**Attachment**  
**Multiple Product Lines, Inc. (MPL)**  
**Explanation of Components Of Investor Supplied Capital**

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Line #1A - Long Term Debt

This line includes the average long term debt (including current maturities) and the average long term obligations associated with capital leases.

Line #1B - Short Term Debt

This line includes capital provided by debt and equity investors and reported as current liabilities in the financial statements. In this model, MPL's only short term borrowings are the funds advanced by its affiliates. However, this line item should include all interest bearing short term financing. Examples of this type of debt are advances from affiliates, commercial paper, bank lines of credit, notes payable, etc.

Line #2A - Dividends Payable

This line includes the average dividends payable. Usually dividends payable are classified as a current liability in the financial statements. However, dividends are a source of funds provided by the equity investor. Accordingly, if dividends payable are treated as a reduction in working capital the investor is denied a return on this capital.

Line #2B - Retained Earnings

This line includes capital reinvested in the business by the equity investor. Since MPL pays out all its earnings as dividends the balance is zero.

Line #2C - Common Stock

This line includes the average par value of MPL's stock issued and outstanding.

**Attachment I**  
**Multiple Product Lines, Inc. (MPL)**  
**Explanation of Components Of Investor Supplied Capital**  
**(continued)**

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Line #2D - Additional Paid in Capital

This line includes the average amount received over and above the par value of MPL's stock issued and outstanding.

Line #3 - Unamortized Investment Tax Credit

Investment tax credit (ITC) is not deducted when computing MPL's rate base. Instead, ITC is included as a component of total capital which is consistent with the treatment of ITC by the FCC for ratemaking purposes.

Attachment  
Multiple Product Lines Inc. (MPL)  
Development Of Average Investor Supplied Capital  
For Twelve Months Ended 12/31/89

(000)								
Balance As Of	(1) Current Maturity LT Debt	(2) Capital Leases	(3) Advances From Affiliates	(4) Dividends Payable	(5) Retained Earnings	(6) Common Stock	(7) Additional Paid-In Capital	(8) Deferred ITC
01-01-89	\$8,822	\$16,578	\$53,636	(\$1,943)	\$0	\$1	\$74,732	\$0
01-31-89	8,711	15,967	53,423	(1,865)	0	1	74,732	0
02-28-89	8,587	15,336	60,319	(2,665)	0	1	74,732	0
03-31-89	8,456	14,716	43,583	(1,891)	0	1	84,732	0
04-30-89	8,307	14,326	30,347	(1,620)	0	1	99,732	0
05-31-89	8,168	13,716	23,504	(830)	0	1	99,732	0
06-30-89	8,245	13,388	23,247	525	0	1	99,732	0
07-31-89	8,094	12,906	17,170	361	0	1	99,732	0
08-31-89	7,914	12,351	9,423	2,709	0	1	99,732	0
09-30-89	7,807	11,962	11,808	6,579	0	1	99,732	0
10-31-89	7,617	11,468	12,456	10,482	0	1	99,732	0
11-30-89	7,485	10,921	3,232	5,537	0	1	99,732	0
12-31-89	<u>7,442</u>	<u>10,877</u>	<u>20,471</u>	<u>7,206</u>	<u>0</u>	<u>1</u>	<u>99,732</u>	<u>0</u>
Total	<u>\$105,655</u>	<u>\$174,512</u>	<u>\$362,619</u>	<u>\$22,585</u>	<u>\$0</u>	<u>\$13</u>	<u>\$1,206,516</u>	<u>\$0</u>
Average	<u>\$8,127</u>	<u>\$13,424</u>	<u>\$27,894</u>	<u>\$1,737</u>	<u>\$0</u>	<u>\$1</u>	<u>\$92,809</u>	<u>\$0</u>

**Source** For data in columns (1) through (8): MPL'S monthly balance sheet.

Accounting and Finance Committee Bulletin Number 92 - 8  
A Guide on Rate Base for Nonregulated Affiliates

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Attachment  
Multiple Product Lines Inc. (MPL)  
Comparison Of Capital To Rate Base

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		(000)
Line		Average
No.	Item Description	12-31-89
1.	Investor Supplied Capital (Page 9, L4)	\$143,992
2.	Rate Base (Page 1, L7)	<u>143,991</u>
3.	Rate Base Greater (Less) Than Capital (L1 - L2)	<u><u>(\$1)</u></u>

**NOTE**

The amount on line 3 is zero in this example. However, in practice rate base and capital will seldom equal. For example, the Audit Branch Chief's April 20, 1992 letter states that temporary cash investments are to be excluded from working capital. Differences in rate base and capital should be accounted for in order to insure that nothing is improperly included or excluded from rate base.